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U.S. ENTERS NON-PROSECUTION AGREEMENT WITH MCI

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced today that the United States Attorney's Office for the Southern District of New York (the "Office") has entered into a Non-Prosecution Agreement with MCI, Inc. ("MCI"), the successor to WorldCom, Inc. In addition to requiring MCI to continue to cooperate with the Office's continuing investigation of the fraud at WorldCom, the Non-Prosecution Agreement requires MCI to abide by the terms of the settlement reached earlier this year by MCI, the New York State Common Retirement Fund, as lead plaintiff in the WorldCom Securities Class Action (the "Class"), and Bernard J. Ebbers, WorldCom's former CEO. The Office has also entered into an agreement with Verizon Communications Inc. ("Verizon") to ensure that MCI complies with the terms of the Non-Prosecution Agreement after completion of the proposed merger between MCI and Verizon.

The decision by the United States Attorney not to pursue criminal charges against the company was based on the factors set forth in former Deputy Attorney General Larry

Thompson's memorandum entitled Principles of Federal Prosecution of Business Organizations. The decision was based on, among others, the following significant factors: (1) MCI's full and complete cooperation with the Government's investigation; (2) MCI's prompt settlement of an enforcement action by the United States Securities and Exchange Commission ("SEC"), a settlement which included the payment of a \$750 million civil monetary penalty, which provided restitution to victimized shareholders; (3) MCI's substantial remedial actions since disclosure of the fraud, including the implementation of entirely new management and a new Board of Directors; and (4) the negative effect that charges against MCI would have on the company's innocent employees and legitimate activities.

MCI self-reported its discovery of the fraudulent accounting entries that were at the heart of the WorldCom fraud in June 2002. Since that time, MCI has fully cooperated with the Government's investigation, by, among other things, providing the Government with requested documents, making employees available for interviews with Government investigators in the United States, and making appropriate waivers of applicable privileges in order to make certain requested information promptly available to the Government. The Company identified for the Government early in the investigation the documents that it believed to be most relevant to the investigation and produced those and other

documents to the Government in a format to permit efficient investigation by the Government.

Also, MCI has undertaken significant remedial measures over the last three years. Since the disclosure of the fraud, MCI has terminated virtually every employee who played even a tangential role in any aspect of the fraud involving WorldCom's revenue or line cost accounting. MCI has completely new senior management. In addition, MCI's Board of Directors has been completely replaced.

On November 26, 2002, the SEC obtained a judgment against MCI through which it obtained the full injunctive relief it sought against WorldCom. In addition, the judgment ordered WorldCom to undertake extensive reviews of its corporate governance and internal controls, and required WorldCom to establish a training and education program for WorldCom officers and employees to minimize the possibility of future violations of the federal securities laws. On July 7, 2003, the monetary settlement between MCI and the SEC was approved, thereby requiring MCI to pay \$500 million in cash and approximately \$250 in common stock to victims of the fraud.

In July 2005, MCI entered into an agreement with the Class and Ebbers. As part of that agreement, Ebbers agreed to turn over virtually all of his assets to a trust. Those assets will be sold in the coming months, with the proceeds being split

between the Class and MCI. The Class will receive 75% of the proceeds of these sales, and MCI will receive 25% of the proceeds, except in the case of the Joshua Timberlands property, as to which MCI currently has a lien and for which the proceeds of any sale will be split 2/3 for the Class and 1/3 for MCI.

Because MCI has cooperated fully with the Government's investigation, has implemented substantial remedial efforts, and has paid \$750 million in restitution through the SEC, the public interest has been sufficiently vindicated by the successful criminal prosecution of the principal individual wrongdoers - Bernard Ebbers and Scott Sullivan. Moreover, criminal prosecution of the company would likely have a severe and unintended economic impact upon thousands of innocent MCI employees and could harm the impending merger between MCI and Verizon Communications Inc. Accordingly, the Office has determined, after carefully balancing all of the factors set forth in the Thompson Memorandum, that criminal prosecution of MCI would not serve the public interest, so long as MCI fully complies with the terms of the Non-Prosecution Agreement.

Mr. KELLEY, a member of the President's Corporate Fraud Task Force, praised the efforts of the Federal Bureau of Investigation and the SEC in this investigation.

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